

**CITY OF SAN DIEGO
SMALL BUSINESS ADVISORY BOARD
MEETING MINUTES**

June 6, 2003

World Trade Center, Seminar Room
1250 Sixth Avenue, 10th Floor
San Diego, CA 92101

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
George Chandler Scott Cummins James Hill Warren Simon Richard Sims Chi Tran	Badi Badiozamani Kurt Chilcott Jesse Navarro Judy Preston Spencer Skeen

CITY STAFF
Steven Bal, Office of Small Business Meredith Dibden Brown, Office of Small Business Kelly Broughton, Development Services Department Lynette Jones, Office of Small Business Jeff Kavar, Economic Development Division Don Mullen, Councilmember Zucchet's Office, District Two Stephen Russell, Councilmember Atkin's Office, District Three Kevin Sullivan, Planning Department Janet Wood, Office of Small Business

OTHERS PRESENT
James Conrad, Contracting Opportunities Center Rick Hernandez, San Diego Gas and Electric Bill Keller, Le Travel Store Rick Patella, Lockwood Mesa Partners Jay Powell, City Heights Community Development Corporation Reggie Sledge, Lockwood Mesa Partners

Introduction

Mr. Chandler called the meeting to order at 8:15 a.m. The call to order determined that there was no quorum. A quorum was present by 8:30 a.m.

Approval of Minutes

Postponed until the next meeting.

Public Comment

Reggie Sledge and Rick Patella of Lockwood Mesa partners presented information on their company:

- Assist businesses in mitigating risk and developing continuity and contingency plans to mitigate and minimize damages. They would like to partner with the Small Business Advisory Board (SBAB) to develop an outreach to small businesses to develop a business continuity plan. There will not be any fees for attending their seminars.
- Mr. Chandler stated that the Small Business Administration (SBA) and Service Corps of Retired Executives (SCORE) and two small business development centers may be interested in co-sponsoring their business continuity seminars.

Bill Keller, a small business owner expressed reservations about the increases in the parking meter fees:

- The increase in parking meter fees from \$1 to \$1.60 would negatively impact small businesses. It is targeted at existing meters only and will occur downtown and in Hillcrest. Mr. Keller stated that he would like to see an equitable approach. He proposed charging a fee for parking spaces at shopping centers such as Fashion Valley.

Jay Powell of the City Heights Community Development Corporation:

- Presented information and distributed flyers on the International Village Celebration in City Heights, to be held on June 7, 2003.

Presentation on City of San Diego FY 2004 Budget: Michael T. Uberuaga, City Manager

Mr. Uberuaga presented the following information on the proposed City budget and on the possibility of additional City revenue:

- San Diego is rated as the best managed large city in California and one of the best in the United States.
- The proposed budget for FY 2004 is \$2.3 billion. Most of the budget is capital projects. The General Fund represents 32 percent of the budget, which encompasses Fire, Police, Library, and Park and Recreation.
- The General Fund is contingent upon the economy and upon the State of California.

- For FY 2004, there was expenditure growth of approximately \$10 million. Normally, they have expenditure growth between \$30 million and up to \$60 million 4 years ago. They had to reconcile the budget, because of Worker's Compensation, increases in salaries and benefits, new facilities, etc. They had to take \$30 million out of the operation before the budget was put together.
- There are over 11,000 positions in the City and the net reduction is 159 positions. They will transfer as many affected staff as they can to vacant positions, but they cannot guarantee there won't be any layoffs.
- Proposed revenue for San Diego includes an increase in parking meter fees from \$1 to \$1.20 cents in the lower use areas and up to \$1.60 in the higher use areas. Parking meter fees haven't been changed since the early 1990's. The parking meter fees have a potential revenue of \$2.6 million. Other proposals include charging fees to recover costs for respective departments for special events.
- San Diego is most concerned about the impact of the State budget. They are concerned that there would be a \$60 million impact to San Diego. There are also discussions at the State level of increasing the sales tax by ½ cent. The current City budget meetings are only addressing the \$30 million reductions.
- San Diego has a low per capita tax base. They do not charge single-family residents fees for refuse collection and there is no utility user tax.
- The Rules Committee directed the City Manager's Office to meet with various groups to address the revenue base and what revenue options should be considered for raising the revenues.
- Discussed using a matrix to determine what would be the best revenue options, based upon the benefit to the public and whether they would approve of paying for it.
- They will probably be discussing the issue of increasing the Transient Occupancy Tax (TOT) from the current level of 10.5 percent. Their 14 competitors have an average of about 13 percent. For every percent increase, there is a \$10 million dollar increase in revenue.
- Anything that is a tax (not a fee) is subject to a two-thirds voter approval, if the revenue is specified, as a result of the Manchester Initiative. It needs majority approval if the revenue isn't specified.
- The business tax is on the list of proposed revenue options. It is low compared to other municipalities. People do want to see a benefit if there is an increase.
- Mr. Chandler stated that in the past, the SBAB has taken a strong stance to oppose the increase in the business tax. The City is very business friendly which is a very good way to send a signal.
- Mr. Hill stated that if there is an increase, they would want the funds to come back to assist the small business community.

Economic Development and Tourism Support (ED&TS) Program Update: Jim Hill, Small Business Advisory Board

Mr. Hill provided an overview of the ED&TS program, which included four SBAB members on the panel:

- Twenty-three applications were received and \$666,000 in funds were allocated to programs. Two modifications were made out of the 4 appeals received.
- Presented their recommendations to the City Council last week and requested that their recommendations be honored as over 50 hours per panel was put in.
- The process was user friendly, noting that there is room for improvement. There will be a post wrap-up session to develop recommendations.
- Need to develop a clearer definition of “economic development” and a value on it as many applicants check that box on the application. Jeff Kavar suggested setting up a task force to address the definition.
- No final determination in shifting funds from the larger ones to other programs, such as Park and Recreation. There may also be a 12 percent cut across the board.
- Would like to see an increase in funding.
- Recommended that the review panel consider the continuity of the program in their evaluation.

Business Improvement District Council Report: Warren Simon, Hillcrest Association

Mr. Simon summarized the activities of the BID Council (BIDC):

- All of the BID’s and their employees are now receiving the health benefits package.
- Working with Meredith Dibden Brown on standard accounting procedures to improve the effectiveness of the reimbursement process.
- Working towards a centralized mailing procedure.
- Developing cost recovery for special events, including the development of a common contract.
- Some of the BID’s are working on the parking meter increase issue.

Public Safety and Neighborhood Services Committee Report: John Rivera, Council District Five

Postponed until the next meeting.

Council Monthly Report: Stephen Russell, Council District Three

Mr. Russell reported the following:

- Councilmember Atkins is concerned about the proposed increase in parking meter fees, noting that it is an equity issue.
- After the SBA Awards Luncheon on Tuesday, June 10, the City Council will be recognizing the 25th anniversary of the CDC Small Business Finance Corporation.

- Thanked all those involved in the City Heights strategic planning effort, naming the BID Council, Fellowship Intern Monica Acevedo, Office of Small Business, University of San Diego, and Pat Libby. He also thanked SBAB members Chi Tran and Jim Hill for their participation in the process. They are ready to incorporate a new organization in the new fiscal year and form a new board. A mission statement is also being developed. The name for the BID is City Heights Business Association: The International Marketplace.
- Both Mr. Hill and Ms. Tran thanked the City for their efforts in the planning process. Mr. Hill also thanked the businesses that have been able to stand together for 20 years and kept their business district together with the minimal resources they had.

Development Services Department (DSD) Liaison Report: Kelly Broughton, Deputy Director of Land Development

Mr. Broughton provided information on the following issues.

- Presented the Small Business Service Improvement Action Plan. Stated that it had its foundation with the work of the SBAB and their subcommittee. The plan has every item the SBAB task force has recommended, as well as some additional recommendations and activities that DSD is planning or will plan to do that fit into those categories.
- Stated that it is only a beginning and that they are incorporating suggestions into their next version. It is an ongoing effort. Mr. Broughton has asked staff with responsibilities for the identified actions, to develop a specific action plan for those items with milestone dates and which can be reported back to the SBAB and to their Technical Advisory Committee (TAC). They anticipate on having the information available for the next meeting.
- The fee increases will go to into effect on August 2, 2003. They have an obligation to make improvements with support of fee increases. Although it wasn't unanimous approval, they received strong support from their customer base, but it was caveated with accountability.
- Working on developing clear performance measures with input from the groups they serve.
- Have hired staff from other departments, but haven't hired from the outside. Once they receive approval to hire from outside the City, they will proceed with the recruitment/hiring processes.
- The Business Improvement Permit is scheduled for the Planning Commission on June 12, 2003. It will enable BID's to do a lot of street improvements, such as sidewalk cafes, without having to go through the City's permit process. The BID's will be self-policing. The BID's to have the program are: Ocean Beach, North Park, Adams Avenue, and Little Italy. They haven't found similar programs in the State.
- Mr. Russell thanked Ed Oliva, Tina Christiansen, and Mr. Broughton and all other staff involved in DSD for their efforts. He acknowledged the role that Jay Turner of North Park Main Street has played as a proxy for businesses Citywide. Councilmember Atkins is counting on the SBAB to keep DSD accountable.

Task Force Report on Development Services Issues: Ric Sims, Small Business Advisory Board

- Mr. Sims thanked Mr. Oliva, Ms. Christiansen, and Mr. Broughton for their efforts. He recommended that they reconfigure staff to do the tasks, and have the lead staff at DSD state how they will change the way the department thinks, in terms of small business.
- When looking at some of the policy issues, there is a need for the SBAB and small business community to participate in some of the processes. They will help DSD get better at providing service.
- Mr. Broughton stated that on the policy items, his division is responsible for the code update. Currently, they only have 1 staff person working on it. They haven't been able to focus on the issue. With the fee increase, it provides an opportunity for them to work on policy items.
- They will be reporting on the Work Program to Land Use and Housing (LU&H) on July 23, 2003. They have gone to LU&H to get prioritizing. He will provide copies of the completed report to the SBAB to make them aware of the type of work that they have been directed to carry out. Intend to do more outreach to make people aware of the meeting, so that they can participate.
- Mr. Sims suggested that DSD develop a matrix of pros and cons when looking at the issues.
- Discussion on impact statements in reports, which are required. Mr. Sims requested that they include a line for small business impact to the reports. Mr. Broughton stated that they would try to fulfill that request, especially those reports on the code, since they have broad potential for impact.
- Ms. Jones stated that in the action plan, one area was identified as a long-term goal, which was the inspection process and improvements. At the City Council meeting, there was testimony requesting that DSD look at the long-term goal and try to expedite that. Ms. Jones requested that DSD make the inspection process a short-term goal, as it is critical to small business and needs to be prioritized. Mr. Broughton stated that he created a discrepancy, since the guarantee access to the same inspector is a long term goal, but if you look at the action plan to evaluate that, it's a short-term goal. They do plan to look at it right away. They have made some staffing changes in respect to some of the specific feedback they have heard as a result of some of the inconsistencies.
- Mr. Sims also requested that during the transitional process, if they can't have one assigned inspector immediately, then have a specific team of designated inspectors be identified to work on certain types of projects. He also requested that there be an efficient tracking system. Mr. Broughton stated that TAC has identified better communication and better coordination as key issues.

Office of Business Advocate Monthly Report: Lynette Jones, Office of Small Business

- OSB has reviewed and revised the Small Business Enhancement Program (SBEP) guidelines, eligibility criteria and application form. Requested volunteers to review the SBEP application revisions and to serve on the SBEP review panel for FY 2004.
- Mr. Simon, Mr. Hill, and Ms. Tran volunteered to serve as the Small Business Enhancement Program review panel for FY 2004.

New Business

No new business to report.

Adjournment

The meeting was adjourned at 10:12 a.m.

THERE WILL BE NO MEETING IN JULY.